

**BUDGET AND
PERFORMANCE PANEL**

4.30 P.M.

16TH SEPTEMBER 2008

PRESENT:- Councillors Roger Sherlock (Chairman), John Whitelegg (Vice-Chairman), Tina Clifford, Roger Dennison, Keran Farrow, Sarah Fishwick and Stuart Langhorn

Apologies for Absence:-

Councillors Mike Greenall and Ian McCulloch

Also present:-

Councillors John Gilbert, David Kerr, Roger Mace and Abbott Bryning
Chris Hanna (Council Housing Services minute 22), Alan Humphreys, Steve Wearing, Elaine Frecknell (Legal & HR Services minute 23), Suzanne Lodge (Health & Strategic Housing minute 24), Jane Alder (Information & Customer Services minute 25), Mark Davies (City Council (Direct) Services minute 26), Graham Cox (Property Services minute 27), David Owen (Cultural Services minute 28), Andrew Dobson (Planning Services minute 29), Peter Sandford (Economic Development & Tourism minute 30)

Officers in attendance:-

Roger Muckle	Corporate Director (Finance and Performance)
Peter Loker	Corporate Director (Community Services) (part)
Andrew Clarke	Accountancy Services Manager
Aisha Bapu	Principal Accountant (part)
Julie Raffaelli	Principal Accountant
Stephen Metcalfe	Principal Democratic Support Officer
Elizabeth Bateson	Senior Democratic Support Officer

The Corporate Director (Finance & Performance) explained that this additional meeting had been arranged following on from the Panel's consideration of the Outturn Reports 2007/08 on 29th July 2008, when it was noted that there was need for further clarification from a number of services with regard to variances. The meeting would provide an opportunity for service heads to present the additional information requested, explain why the variances had occurred, provide an explanation of lessons learnt and whether any variances were ongoing and would impact on this year's budgets.

22 COUNCIL HOUSING SERVICES

The Principal Housing Manager explained that the favourable variances were attributed to a variety of factors including IT projects, improved performance in reducing rent arrears, a higher than anticipated HRA balance and savings and slippage in the capital programme. Reference was made to the major repairs reserve and the Panel were informed that whilst the budget for repairs was spent, anything in the capital programme as a result of slippage was transferred annually into the reserve fund which helped to fund the 30 year investment plan and maintain the council housing stock. It was agreed that the way in

which the accounts were presented was confusing and the Corporate Director (Community Services) confirmed that training in council housing accounts could be arranged for Members if required. The Principal Housing Officer confirmed that in order to reduce the likelihood of slippage, attempts were made to front load the capital programme, that it was possible to advance the programme of works if balances were favourable and the service had a good and well-managed programme of works.

The Principal Housing Manager left the meeting

23 LEGAL AND HUMAN RESOURCES

The Legal Services Manager, Licensing Manager and Human Resources Manager provided clarification on the reported favourable variances within their service. It was noted that it was difficult to estimate Licensing income particularly with regard to the implications of recent legislation including the Gambling Act 2005 and the Licensing Act 2003 which were 'bedding in.' With regard to HR, it was noted that the variance was attributed to difficulties in recruiting interim HR staff.

The Legal Services Manager, Licensing Manager and HR Manager left the meeting.

24 HEALTH AND STRATEGIC HOUSING

The Head of Health and Strategic Housing explained that the adverse variances with regard to cemeteries income attributed to fewer grave sales would not affect the cemeteries maintenance programme as these were separate budgets. With regard to the variance regarding pest control income it was noted that the targets would be revised as there had been a steady decline in the use of this service in recent years. It was further noted that the Health and Safety and Homelessness Priority Needs were indeed under spends attributed to the cancellation of a training course and staffing difficulties preventing the implementation of a sanctuary scheme, although a request to carry this forward has been approved.

Reference was made to the need for guidance when reporting to PRTs and the Accountancy Services Manager informed the meeting that for outturn, variances were summarised at cost centre level and individual budget line, whereas PRT only reported at individual budget line. For future PRT's, Financial Services would be looking to report at both levels, in line with the outturn process.

The Head of Health & Strategic Housing left the meeting

25 INFORMATION AND CUSTOMER SERVICES

The Head of Information and Customer Services explained that the favourable variances were attributed to a delay in the national mystery shopper survey, staff shortages due to sickness and difficulties in recruitment resulting in the deferral of IT projects, and delays in trialling maintenance equipment. Reference was made to the move away from centralised printing to individual service printers and copiers and it was noted that a full corporate review would be undertaken as part of the 2009/10 budget process.

In response to questions on the mystery shopper exercise it was noted that the exercise was now complete and a report would be presented to Members. It was agreed that a

copy of the terms of reference of the mystery shopper exercise would be circulated to the Panel.

The Head of Information & Customer Services left the meeting

26 CITY COUNCIL (DIRECT) SERVICES

The Head of City Council (Direct) Services explained that the favourable variances in relation to street cleaning, highways partnership and public conveniences were the result of greater income than predicted and it was noted that in view of the nature of these services it was difficult to estimate probable income. The favourable variance in respect of grounds maintenance was attributed to difficulties in recruitment. With regard to staff turnover it was noted that there were difficulties in the recruitment of HGV drivers and skilled grounds maintenance workers.

The Corporate Director (Community Services) and the Head of City Council (Direct) Services left the meeting

27 PROPERTY SERVICES

The Head of Property Services explained that the adverse variance in respect of repair and maintenance of buildings was the result of reactive and unforeseen expenditure in view of the poor state of the municipal buildings whilst the reduction in the number of traders in Lancaster Market had resulted in an adverse variance in relation to Lancaster Market. Other substantial adverse variances were attributed to the increase in energy costs within the municipal buildings and reassessment of fine income from off-street car parks; adjustments had been made to ensure more accurate figures in future reporting and clarity on the use of virement.

In response to questions regarding the possibility of a radical change in energy consumption, the Head of Property Services informed the meeting that the Carbon Trust had undertaken a survey to identify the potential to reduce energy consumption and it was further noted that the amalgamation of offices and reduction in the number of municipal buildings as a consequence of the Access to Services Review would lead to further reduction.

The Head of Property Services left the meeting

28 CULTURAL SERVICES

The Head of Cultural Services informed the meeting of the measures taken to address the adverse variance in relation to Salt Ayre. This variance had been attributed to a substantial increase in utility charges together with a loss of income due to the renovations to the bar/café area taking longer than anticipated. With regard to Community Pools it was noted that the adverse variance was largely associated with additional casual staff and training, and a report would be going to Star Chamber.

It was suggested that the actions to address the variances in relation to Salt Ayre were inadequate and should include improved project management and an energy efficiency programme.

With regard to the Dome the adverse variance of £17K was attributed to urgent electrical works and that expenditure had not been matched by generated income. Reference was made to the ways in which performances were put on at this venue including hiring, buying-in or a 50% share and the problems of cancellations and insurance premiums. However it was noted that the Council had promoted 6 major concerts at zero cost.

With regard to Festivals and Events further information had been circulated with regard to the Maritime Festival. Further clarity had been necessary in view of two Easters falling within one accounting year. It was noted that the overall adverse variance was £588 after the approval of an additional £10,000 under the urgent business process in February to allow the 2008 Maritime Festival to take place. It was noted however that, the costs for each festival and event did not reflect/include the cost of officer time in preparing, organising, operating, monitoring and evaluating each festival and event. It was further noted that a Festivals and Events Cabinet Liaison Group was in the process of being established and it was hoped that this group would oversee improved financial monitoring arrangements for all festivals and events.

The Head of Cultural Services left the meeting

29 PLANNING SERVICES

The Head of Planning Services explained that the favourable variances in relation to the building control account was the result of staff vacancy, equipment savings and higher than anticipated income. The favourable variance with regard to planning application fees was also attributed to higher than anticipated fees. The meeting was informed that Planning had estimated conservatively in view of the current economic climate. Further details were provided with regard to the favourable variances with regard to land drainage, Luneside Generation Grant Income, Middleton Wood Electricity and Townscape Heritage Initiative.

The Head of Planning Services left the meeting

30 ECONOMIC DEVELOPMENT AND TOURISM

The Head of Economic Development and Tourism explained that there were two areas of capital slippage, Storey CIC and Carnforth MTI. The meeting were advised that with regard to Storey, the slippage was the result of a delayed start but this did not constitute a variance in the overall project costs and the project was being implemented in accordance with LAMP procedures and was progressing well and within budget. With regard to Carnforth MTI it was noted that most of the programmes were being dealt with through third parties and slippage was not unusual in such circumstances. Robust monitoring arrangements were in place to identify issues with a programme extension negotiated with NWDA. It was noted that similar problems had been experienced by other market town initiatives.

Favourable revenue variances were also reported in relation to marketing, and Morecambe TIC. This was attributed to staff sickness, advanced payment of rent and confusion over finance codes resulting from the introduction of the new Civica finance system. In order to address this, the Panel were advised that awareness training would be arranged for responsible spending officers.

The Accountancy Services Manager advised the meeting that a new financial system had been implemented with codes and structures revised. Financial Services recognised that this had caused a problem in some areas and were providing training.

The Head of Economic Development & Tourism left the meeting

The Panel agreed to the following recommendations:

Resolved:

- (1) That the lessons learnt and actions proposed be noted.
- (2) That services be reminded of the need to report accurately into quarterly PRTs.
- (3) That any ongoing financial implications arising from the outturn variances be reflected in the next updated Medium Term Financial Strategy.
- (4) That a review be undertaken of how outturn information is presented.
- (5) That it be noted that the Budget and Performance Panel consider the actions to address the variances in relation to Salt Ayre are inadequate and should be revised to include improvements to project management and an energy efficiency programme.
- (6) That the outcome of this meeting be reported to Cabinet.

Chairman

(The meeting ended at 6.50 p.m.)

**Any queries regarding these Minutes, please contact
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